

UNCLASSIFIEDOLL7LD
INCOMING

137 /

PRIORITY

FRP: .2, .4, . . .8

STAT

IVE LIAISON

800

84 4810348

SUP

PAGE 001

NC 4810348

TOR: 312337Z JUL 84

STAT

PP RUEAIIA
 ZNR UUUUU ZOC STATE ZZH
 PP RUEHC
 DE RUEHC #4472701 2132028
 ZNR UUUUU ZZH
 P R 311942Z JUL 84 ZEX
 FM SECSTATE WASHDC
 TO ALL OECD CAPITALS PRIORITY
 ALL AMERICAN REPUBLIC DIPLOMATIC POSTS
 EUROPEAN POLAD COLLECTIVE
 RUEDEHA/ USSOUTHCOM QUARRY HTS PN 8758
 INFO RUEHIA/USIA WASHDC
 BT
 UNCLAS STATE 224472

E.O. 12356: N/A
 TAGS:PREL, PGOV, EAID, PTER, SNAR, XG, XM
 SUBJECT: TESTIMONY ON DEMOCRACY

1. FOLLOWING IS TEXT OF ARA ASSISTANT SECRETARY LANGHORNE
 A. MOTLEY'S PREPARED STATEMENT ON "DEMOCRACY IN LATIN
 AMERICA AND THE CARIBBEAN" BEFORE THE WESTERN HEMISPHERE
 SUB-COMMITTEE OF THE HFAC JULY 31. SUGGESTIONS FOR USE OF
 THIS DOCUMENT -- AND SPANISH, FRENCH AND PORTUGUESE
 TRANSLATIONS TO APPROPRIATE POSTS -- FOLLOW BY SEPTELS.
 WE WILL ALSO FORWARD COMPLETE TEXT OF THE FEBRUARY 1984
 MARIO VARGAS LLOSA ARTICLE IN THE ATLANTIC MONTHLY, QUOTED
 IN AMBASSADOR MOTLEY'S TESTIMONY.

2. BEGIN TEXT.

-- I. THE BEST MEASURE OF FREEDOM

MR. CHAIRMAN, SINCE NOVEMBER 1980, WHEN THE UNITED STATES
 LAST WENT TO THE POLLS TO ELECT A PRESIDENT, OUR SOUTHERN
 NEIGHBORS HAVE CAST MORE THAN 150 MILLION VOTES IN 33
 ELECTIONS IN 24 COUNTRIES.

THAT IS MORE VOTES IN MORE ELECTIONS IN MORE COUNTRIES
 THAN IN ANY PREVIOUS FOUR YEARS IN THE HISTORY OF LATIN

AMERICA AND THE CARIBBEAN.

IN COUNTRY AFTER COUNTRY, VOTER PARTICIPATION HAS
 INCREASED, SOMETIMES DRAMATICALLY. RECENT TURNOUTS, IN
 FACT, OFTEN DOUBLED THOSE OF 20 YEARS AGO IN RELATIVE AS
 WELL AS ABSOLUTE TERMS.

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 002

NC 4810348

TOR: 312337Z JUL 84

--MORE THAN 15 MILLION ARGENTINE VOTERS WENT TO THE POLLS LAST FALL. IN THE ELECTION THAT ENDED NEARLY A DECADE OF MILITARY RULE, 9 OUT OF EVERY 10 ADULTS VOTED. RAUL ALFONSIN BECAME PRESIDENT WITH THE LARGEST VOTE IN ARGENTINE HISTORY, EXCEEDING EVEN JUAN PERON'S HIGHEST TALLY.

--58.5 MILLION BRAZILIANS VOTED IN BRAZIL'S 1982 CONGRESSIONAL AND MUNICIPAL ELECTIONS. THIS WAS FOUR TIMES THE 14.8 MILLION WHO VOTED IN THE 1962 LEGISLATIVE ELECTIONS; EQUALLY IMPRESSIVE WAS THE PERCENTAGE OF ADULT BRAZILIANS VOTING, WHICH WENT FROM 43 PERCENT IN 1962 TO AN INCREDIBLE 97 PERCENT IN 1982.

--THE 1.5 MILLION VOTERS WHO MADE NAPOLEON DUARTE THE WINNER OF EL SALVADOR'S PRESIDENTIAL RUN-OFF LAST MAY WERE 80 PERCENT OF REGISTERED VOTERS AND MORE THAN 80 PER CENT OF ALL ADULT SALVADORANS. IN 1962, WHEN THERE WAS NO GUERRILLA WAR, ONLY 400,000 VOTERS, ABOUT 34 PERCENT OF ADULTS, WENT TO THE POLLS TO VOTE FOR PRESIDENT.

--FINALLY, COMPARE TWO CONSTITUENT ASSEMBLY ELECTIONS IN GUATEMALA: TWENTY YEARS AGO, IN MAY 1964, 337,000 VOTES WERE CAST, EQUAL TO 40 PERCENT OF THOSE REGISTERED. EARLIER THIS MONTH ON JULY 1, 1,856,000 PEOPLE VOTED, 73 PERCENT OF THOSE REGISTERED.

PERHAPS NOTHING IS MORE INDICATIVE OF POPULAR SUPPORT FOR DEMOCRACY THAN THE CONSISTENT INCREASES IN THE USE OF THE RIGHT TO VOTE REVEALED IN THE TABLE BELOW.

-- SELECTED ELECTIONS IN 20-YEAR PERSPECTIVE

COUNTRY	YEAR	TOTAL VOTE (000)	ADULT POPULATION VOTING 1/
---------	------	---------------------	-------------------------------

1/ ESTIMATES BASED ON VOTES CAST AS A PERCENTAGE OF TOTAL POPULATION AGE 20 OR OVER AS REPORTED IN THE UNITED NATIONS DEMOGRAPHIC YEARBOOK FOR THE YEAR IN QUESTION.

ARGENTINA	1983	15,179	89
--	1963	9,326	71
BRAZIL	1982	58,500	97
--	1962	14,474	43
COLOMBIA	1982	6,841	68
--	1962	2,634	34
ECUADOR	1984	2,600	68
--	1962	709	33
EL SALVADOR	1984	1,524	62
--	1962	400	34
GUATEMALA	1984	1,856	43
--	1964	337	18
PERU	1980	4,030	49
--	1962	1,693	41
VENEZUELA	1983	6,930	93
--	1963	3,126	90

OPPORTUNITIES TO VOTE ARE ALSO ON THE RISE. IN ALL LATIN AMERICA, NOT A SINGLE COUNTRY THAT WAS DEMOCRATIC FOUR YEARS AGO HAS LOST ITS FREEDOM.

UNCLASSIFIED

UNCLASSIFIED

84 4810348 SUP

PAGE 003
TOR: 312337Z JUL 84

NC 4810348

--THE LAST SUCCESSFUL ANTI-DEMOCRATIC MILITARY COUP IN LATIN AMERICA WAS IN JULY 1980 IN BOLIVIA. SINCE BOLIVIA RETURNED TO DEMOCRACY IN 1982, IT HAS, WITH OUR HELP, RESISTED SUBVERSION FROM BOTH LEFT AND RIGHT.

--DESPITE CUBA'S UNREMITTING EFFORTS, NOT ONE GUERRILLA MOVEMENT HAS TAKEN POWER DURING THE LAST FOUR YEARS.

ARGENTINA AND BOLIVIA, MILITARY DICTATORSHIPS FOUR YEARS AGO, ARE NOW DEMOCRACIES WITH ELECTED GOVERNMENTS. GRENADA, WHICH FOUR YEARS AGO WAS A MARXIST-LENINIST DICTATORSHIP, IS NOW IN TRANSITION TO DEMOCRACY WITH AN ELECTION SCHEDULED FOR YEAR'S END.

AS SECRETARY SHULTZ NOTED DURING HIS VISIT TO EL SALVADOR LAST JANUARY, "ELECTIONS ARE A PRACTICAL YARDSTICK OF DEMOCRACY. THEY ARE AN INESCAPABLE TEST OF PUBLIC ACCOUNTABILITY." WHEN ELECTIONS LEAD TO COMPETITION AMONG REPRESENTATIVE PARTIES IN FREE AND OPEN DEBATE BEFORE AN EQUALLY FREE PRESS, AND ARE THEN FOLLOWED BY THE TRANSFER OF POWER TO THE PEOPLE'S CHOICE, ELECTIONS ARE THE BEST MEASURE OF FREEDOM.

TODAY, MORE THAN 90 PER CENT OF ALL THE PEOPLE OF LATIN AMERICA AND THE CARIBBEAN LIVE EITHER IN DEMOCRACIES OR IN COUNTRIES CLEARLY IN TRANSITION TO DEMOCRACY.

OUR NEIGHBORS DESERVE THE CREDIT, BUT WE ARE HELPING. AND WE CAN BE PROUD OF THAT. FREEDOM IS NOT A ZERO-SUM GAME. EVERYONE WINS WHEN DEMOCRACY IS STRENGTHENED.

-- II. THREATS TO DEMOCRACY

DESPITE THIS EXTRAORDINARY PATTERN OF PROGRESS, DEMOCRACY IN LATIN AMERICA STILL FACES MANY PROBLEMS.

COMPETITIVE ELECTIONS CAN HELP MEASURE SUCCESS OR FAILURE IN DEALING WITH PARTICULAR PROBLEMS; THE PROBLEMS THEMSELVES DO NOT AUTOMATICALLY DISAPPEAR AT THE BALLOT BOX, REGARDLESS OF WHO WINS. DEMOCRACY REQUIRES ELECTIONS; BUT ELECTIONS ALONE ARE NOT ENOUGH.

DEMOCRACIES MUST ESTABLISH A TRACK RECORD AS PROBLEM-SOLVING MECHANISMS. IF DEMOCRATIC INSTITUTIONS CANNOT SOLVE PROBLEMS, THEY CANNOT SURVIVE. IF WE ARE INTERESTED IN THE SURVIVAL OF DEMOCRACY, WE MUST HELP DEMOCRATIC GOVERNMENTS DEAL WITH THEIR PROBLEMS -- EVEN THOUGH IT IS THEY, NOT WE, WHO MUST SOLVE THEM.

INTERNAL PROBLEMS INCLUDE UNEQUAL ACCESS TO EDUCATION, JUSTICE AND EMPLOYMENT; THE CLASH OF INDIGENOUS AND IMMIGRANT CULTURES; GREAT DISPARITIES IN WEALTH; GOVERNMENT INEFFICIENCY AND CORRUPTION; CIVILIAN CAUDILLISMO AND MILITARY INTERVENTION. THESE PROBLEMS DO NOT, OF COURSE, ALL EXIST IN EVERY COUNTRY. BUT THEY DO PERSIST IN VARYING DEGREES IN THE REGION AS A WHOLE.

EXTERNAL PROBLEMS INCLUDE INCREASED COSTS FOR IMPORTED OIL; THE DECLINE IN THE GLOBAL ECONOMY ACCOMPANIED BY REDUCTIONS IN EXPORT EARNINGS AND FORCED RELIANCE ON

INCREASINGLY EXPENSIVE BORROWED CAPITAL; AND ACTIVE EFFORTS BY HOSTILE POWERS OUTSIDE THE HEMISPHERE TO EXPLOIT LOCAL GRIEVANCES AND ECONOMIC HARDSHIP. AGAIN THE MIX CAN VARY GREATLY FROM COUNTRY TO COUNTRY, BUT THESE EXTERNAL PRESSURES ARE FELT THROUGHOUT THE HEMISPHERE.

THESE PROBLEMS COMBINE TO CREATE TWO IMMEDIATE THREATS TO

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 004
TOR: 312337Z JUL 84

NC 4810348

DEMOCRACY IN LATIN AMERICA TODAY: POLITICAL EXTREMISM AND ECONOMIC RECESSION. TO THEM MUST BE ADDED THE GROWING INTERNATIONAL TRADE IN ILLICIT DRUGS, WHICH DEGRADES THE RULE OF LAW AS WELL AS HUMAN DIGNITY.

POLITICAL EXTREMISM. THE ENEMIES OF DEMOCRACY OFTEN POINT TO UNDERDEVELOPMENT AND ECONOMIC HARDSHIP TO JUSTIFY VIOLENCE AND DICTATORSHIP. THE PROBLEM WITH THEIR ARGUMENT IS THAT NEITHER LEFT NOR RIGHT EXTREMES ARE STABLE OR PRODUCTIVE.

MARXIST-LENINIST REGIMES HAVE TENDED TO PERPETUATE BOTH THE POLITICAL AND THE ECONOMIC BACKWARDNESS OUT OF WHICH

THEY GREW. WHEN FEUDING MARXIST-LENINISTS PLUNGED GRENADA INTO MURDEROUS DISORDER, THE UNITED STATES AND GRENADA'S EASTERN CARIBBEAN NEIGHBORS CAME TO THE RESCUE. THE RESULT WAS RESTORATION OF LEGAL ORDER AND A MAJOR DEFEAT FOR THE EXTREMISTS AND THEIR CUBAN SUPPORTERS. BUT THE CUBANS AND THEIR MENTORS STILL SUPPORT TOTALITARIANISM IN NICARAGUA AND OPPOSE THE CONSOLIDATION OF DEMOCRACY IN EL SALVADOR.

LIKE LEFTWING EXTREMISM, EXTREMISM OF THE RIGHT IS WEAKENED BY DEVELOPMENT. UNLIKE LEFT-WING EXTREMISM, IT HAS FEW RELIABLE EXTERNAL SOURCES OF SUPPORT. BUT THE CONSOLIDATION OF DEMOCRATIC POLITICS AND REFORM HAS NONETHELESS BEEN HINDERED BY SUCH PHENOMENA AS DEATH SQUADS AND DENIALS OF ELEMENTAL EQUITY.

ECONOMIC RECESSION. DURING THE LAST EIGHT OR TEN YEARS, ECONOMIC MISMANAGEMENT AND PRESSURES FOR REFORM CONTRIBUTED TO THE DECLINE OF SEVERAL UNREPRESENTATIVE REGIMES. YET IF DEMOCRATIC GOVERNMENTS CANNOT PRODUCE ECONOMIC RECOVERY, THEN THEY TOO CAN LOSE THEIR MANDATE. TODAY, MANY DEMOCRACIES NEED TO RESTRUCTURE THEIR ECONOMIES AT A TIME WHEN LIVING STANDARDS HAVE ALREADY DECLINED.

THE COUNTRIES OF LATIN AMERICA AND THE CARIBBEAN CONSTITUTE THE DEVELOPING WORLD'S MOST INDEBTED REGION. EXTERNAL DEBT EXCEEDED \$330 BILLION AT THE END OF 1983. IN 1982 AND 1983, INTEREST PAYMENTS ALONE ADDED UP TO MORE THAN \$40 BILLION PER YEAR. THESE PAYMENTS WERE EQUIVALENT TO MORE THAN 35 PER CENT OF THE VALUE OF THE REGION'S EXPORTS OF GOODS AND SERVICES -- THE WORLD'S HIGHEST DEBT SERVICE RATIO. IN SOME INDIVIDUAL COUNTRIES THE RATIO EXCEEDED 100 PER CENT BEFORE DEBT RESCHEDULING.

THE REGION'S REAL PER CAPITA GROSS DOMESTIC PRODUCT HAS DROPPED BY OVER 10 PER CENT FROM ITS 1980 LEVEL (BY FAR MORE IN SOME COUNTRIES) AND THERE IS LITTLE DOUBT THAT PER CAPITA REAL ECONOMIC GROWTH WILL AGAIN BE NEGATIVE IN 1984. IN NEARLY ALL COUNTRIES, UNEMPLOYMENT AND UNDEREMPLOYMENT ARE AT LEVELS NOT SEEN SINCE THE GREAT DEPRESSION.

I HARDLY NEED TO POINT OUT HOW DANGEROUS SUCH CONDITIONS ARE TO ANY GOVERNMENT THAT HAS TO FACE ELECTIONS.

THE DRUG TRADE. ILLICIT NARCOTICS TRAFFICKING AND CONSUMPTION ALSO THREATEN DEMOCRATIC DEVELOPMENT BY FOSTERING DISREGARD FOR THE LAW AND CORRUPTING INSTITUTIONS AS WELL AS INDIVIDUALS. IN SOME REMOTE VALLEYS, THE LURE OF EXTRAORDINARY PROFITS AND THE ABSENCE OF PRODUCTIVE ALTERNATIVES HAVE BROKEN DOWN SOCIAL AND POLITICAL ORDER; LAWLESSNESS PREVAILS AND DRUG KINGS HOLD SWAY, SOMETIMES IN SYMBIOSIS WITH GUERRILLAS.

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 005
TOR: 312337Z JUL 84

NC 4810348

IN THE PAST, MANY LATIN AMERICANS CONSIDERED ILLICIT DRUGS A "U.S. PROBLEM". SOME EVEN WELCOMED THE INCREASED EMPLOYMENT AND FOREIGN EXCHANGE EARNINGS BROUGHT BY THE DRUG TRADE. TODAY, THEY ARE INCREASINGLY AWARE OF THE ENORMOUS THREAT NARCOTICS POSE TO THE MORAL FIBER OF THEIR OWN SOCIETIES AND TO THE LEGITIMACY OF THEIR OWN POLITICAL INSTITUTIONS. DEMOCRACY REQUIRES A COLLECTIVE VICTORY OVER THE TRAFFICKERS AND THEIR ALLIES.

--

III. U.S. POLICY IN SUPPORT OF DEMOCRACY

IT IS U.S. GOVERNMENT POLICY TO SUPPORT DEMOCRACY AND DEMOCRATIC INSTITUTIONS. THIS APPROACH IS NEITHER INTERVENTIONIST NOR A MINDLESS EXPORT OF IDEOLOGY. IT IS LEGITIMATE, IT IS IN OUR ENLIGHTENED SELF-INTEREST, AND IT WORKS -- NOT OVERNIGHT OR IN SIX-MONTH INCREMENTS, BUT OVER TIME.

--DEMOCRACY IS THE BEST GUARANTOR OF HUMAN RIGHTS. A GOVERNMENT RESPONSIBLE TO ITS PEOPLE CANNOT ABUSE THEM WITH IMPUNITY.

--DEMOCRACY IS ALSO THE BEST LONG-TERM GUARANTOR OF STABILITY. DEMOCRATIC GOVERNMENTS DO NOT DRIVE THEIR PEOPLE INTO ARMED OPPOSITION NOR DO THEY THREATEN OR ATTACK THEIR NEIGHBORS.

AMERICAN OFFICIALS FROM THE PRESIDENT ON DOWN HAVE MADE CLEAR OUR UNEQUIVOCAL SUPPORT FOR DEMOCRATIC PROCESSES. DURING HIS TRIP TO LATIN AMERICA IN 1982, PRESIDENT REAGAN INSISTED THAT:

- THE FUTURE CHALLENGES OUR IMAGINATION, BUT THE ROOTS OF LAW AND DEMOCRACY AND OUR INTER-AMERICAN SYSTEM PROVIDE THE ANSWERS ... TOGETHER WE WILL WORK TOWARD
- THE ECONOMIC GROWTH AND OPPORTUNITY THAT CAN ONLY BE ACHIEVED BY FREE MEN AND WOMEN. WE WILL PROMOTE THE
- DEMOCRACY THAT IS THE FOUNDATION OF OUR FREEDOM, AND STAND TOGETHER TO ASSURE THE SECURITY OF OUR PEOPLES,
- THEIR GOVERNMENTS, AND OUR WAY OF LIFE.

SUPPORT FOR DEMOCRACY CAN MEAN EVERYTHING FROM A PUBLIC ABRAZO FOR A NEW PRESIDENT OF ARGENTINA TO SENDING QUALIFIED ELECTION OBSERVERS IF REQUESTED BY A GOVERNMENT IN CENTRAL AMERICA. IT CAN MEAN ENCOURAGEMENT OF POLITICAL DIALOGUE AND COMMUNICATION, TECHNICAL EXCHANGE PROGRAMS, SPECIALIZED CONFERENCES, EVEN ANALYTICAL PUBLICATIONS. IT CAN MEAN SUPPORT FOR A STRENGTHENED ADMINISTRATION OF JUSTICE.

DURING THE LAST FOUR YEARS, IT HAS MEANT ALL OF THESE THINGS -- AND MORE. WE ENCOURAGED THE OPEN AND COMPETITIVE ELECTIONS THAT TOOK PLACE IN HONDURAS, EL SALVADOR, AND GUATEMALA. WE URGED THE SANDINISTAS TO HONOR THE DEMOCRATIC PROMISES THEY HAVE ABANDONED AND BETRAYED. WE WELCOMED THE RETURN TO DEMOCRATIC RULE IN ARGENTINA. WE MADE CLEAR OUR SUPPORT FOR RESTORATION OF DEMOCRACY IN CHILE AND URUGUAY. WE MANIFESTED OUR SUPPORT FOR DEMOCRATIC LEGITIMACY WHEN PRESIDENT SILES WAS KIDNAPPED IN BOLIVIA. WE LET THE GOVERNMENT OF PARAGUAY KNOW WE WERE UNHAPPY AT THE CLOSING OF THE INDEPENDENT NEWSPAPER ABC COLOR. WE LET THE GOVERNMENT OF HAITI KNOW OF OUR CONCERN AT THE ARREST AND MISTREATMENT OF OPPOSITION LEADERS.

COUNTRY AFTER COUNTRY IN CENTRAL AND SOUTH AMERICA AND THE CARIBBEAN, U.S. EMBASSIES ARE TODAY CORRECTLY PERCEIVED AS SUPPORTING DEMOCRACY. LOCAL OFFICIALS AND

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 006
TOR: 312337Z JUL 84

NC 4810348

CITIZENS RECOGNIZE IN GROWING NUMBERS THAT OUR REPRESENTATIVES ARE PATIENTLY FOSTERING DEMOCRATIC DIALOGUE, CONSTITUTIONAL PROCEDURES, AND RESPECT FOR POLITICAL DIVERSITY.

WE HAVE ALSO RECOGNIZED THAT GOVERNMENT OFFICIALS ARE NOT ALONE IN HAVING A ROLE TO PLAY IN PROMOTING DEMOCRATIC VALUES AND TRADITIONS. PRIVATE CITIZENS ARE ULTIMATELY THE BACKBONE OF DEMOCRACY, AND WE HAVE ATTEMPTED TO CATALYZE BROADER PRIVATE COOPERATION. THE WEST GERMAN POLITICAL FOUNDATIONS, THE POLITICAL INTERNATIONALS, OUR OWN AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT, AND MANY INDIVIDUAL LEADERS HAVE LONG PROVEN THAT POLITICAL COOPERATION AMONG LIKE-MINDED PEOPLE AND GROUPS GETS RESULTS.

THE DEMOCRATIC TIDE HAS MADE IT EASIER TO BUILD ON THESE EXPERIENCES. WE HAVE STRENGTHENED THE ABILITY OF USIA TO SPONSOR PRIVATE EXCHANGES. THE NATIONAL ENDOWMENT FOR DEMOCRACY AND ITS CONSTITUENT INSTITUTES ARE STRENGTHENING OUR NATIONAL CAPACITY TO DEVELOP MUTUAL SUPPORT NETWORKS AMONG DEMOCRATIC LEADERS AND PARTIES THROUGHOUT THE WORLD.

IN LATIN AMERICA, THE CENTER FOR ELECTORAL ADVICE AND PROMOTION IN SAN JOSE, COSTA RICA IS A NEW EXAMPLE OF HOW A REGIONAL INSTITUTION CAN HELP NATIONS TRANSLATE DEMOCRATIC THEORY INTO THE NUTS, BOLTS AND BALLOT BOXES OF AN OPEN POLITICAL SYSTEM.

DEMOCRATIC COUNTRIES HAVE A PARTICULAR OBLIGATION TO REACH OUT AND ASSIST EACH OTHER AND THOSE ON THE PATH TO DEMOCRACY. IF THEY DO NOT, THEY LEAVE THE FIELD TO THOSE WHO ARE OPPOSED TO DEMOCRACY. AS PRESIDENT EISENHOWER SAID ON RETURN FROM HIS 1960 SOUTH AMERICAN TRIP, "ALL NATIONS -- LARGE OR SMALL, POWERFUL OR WEAK -- SHOULD ASSUME SOME RESPONSIBILITY FOR THE ADVANCEMENT OF HUMANKIND COOPERATION AMONG FREE NATIONS IS THE KEY TO COMMON PROGRESS."

-- ECONOMIC GROWTH AND ADJUSTMENT

WITH ECONOMIC RECESSION CHALLENGING SOCIAL AND POLITICAL STABILITY IN SEVERAL HEMISPHERE COUNTRIES, ECONOMIC ADJUSTMENT IS NOT A MATTER OF CHOICE, BUT OF NECESSITY. IF ECONOMIES ARE TO GROW, THEY MUST DO SO IN ACCORDANCE WITH MARKET FORCES, NOT IN OPPOSITION TO THEM. STABLE AND EQUITABLE GROWTH IN THE FUTURE REQUIRES ECONOMIC ADJUSTMENT NOW.

WE IN THE U.S. HAVE LEARNED THAT LESSON OURSELVES. THE DECISIONS WE TOOK TO FOSTER THE RESURGENCE OF THE AMERICAN ECONOMY WERE NOT EASY. COSTS WERE INCURRED. AT THE HEIGHT OF THE ADJUSTMENT PROCESS UNEMPLOYMENT REACHED PAINFULLY HIGH LEVELS AND INDUSTRIAL PRODUCTION DECLINED MARKEDLY. BUT WE ARE NOW REAPING THE BENEFITS OF THE HARD DECISIONS WE MADE EARLIER. INDUSTRIAL PRODUCTION IS EXPANDING. INFLATION IS DOWN AND PERSONAL INCOME IS UP. AND, IN THE PAST TWO QUARTERS, OUR GNP GREW MUCH FASTER THAN ANTICIPATED.

I DO NOT MEAN TO DRAW DIRECT PARALLELS BETWEEN THE SITUATION IN THE HEAVILY INDEBTED DEVELOPING COUNTRIES OF LATIN AMERICA AND IN THE UNITED STATES. BUT THERE IS A LESSON TO BE DRAWN FROM OUR EXPERIENCE. IT IS CLEAR THAT TO ACHIEVE SUSTAINED NON-INFLATIONARY GROWTH COUNTRIES NEED POLICIES THAT REFLECT ECONOMIC REALITIES AND RELEASE THE PRODUCTIVE FORCES OF THEIR PEOPLE.

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 007

NC 4810348

TOR: 312337Z JUL 84

GOVERNMENTS OFTEN FACE AGONIZING CHOICES IN THE POLITICAL MANAGEMENT OF ADJUSTMENT. THEY MUST DISTRIBUTE THE BURDENS OF THAT ADJUSTMENT. AND THEY OFTEN MUST DECIDE BETWEEN TAKING HARD MEASURES AT ONCE OR TRYING TO POSTPONE ECONOMIC SHOCKS -- WITH THE RISK THAT THOSE SHOCKS WILL BE MORE SEVERE AND VIOLENT LATER ON. THESE ARE REAL DILEMMAS FOR WHICH THERE IS NO SIMPLE OR UNIVERSAL ANSWER.

DEMOCRATIC GOVERNMENTS, WITH BROAD POPULAR PARTICIPATION AND SUPPORT, ARE ESPECIALLY WELL POSITIONED TO DEAL WITH THESE TOUGH DECISIONS. AS COSTA RICAN PRESIDENT LUIS ALBERTO MONGE TOLD THE ILO IN GENEVA ON JUNE 12: "WE HAVE DRAWN BACK FROM THE GULF (BY ADOPTING) SOME VERY BITTER AND HARSH DECISIONS IN ORDER TO IMPROVE A SICK ECONOMY.... DEMOCRACY WORKS AS A MEANS OF SETTLING THE PROBLEMS OF PRODUCTION AND TO WIN BATTLES IN THE STRUGGLE AGAINST UNDER-DEVELOPMENT AND POVERTY."

WE ARE ACUTELY AWARE OF THE SCOPE AND SERIOUSNESS OF THE ECONOMIC PROBLEMS CONFRONTING THE HEMISPHERE. WE ARE CONCERNED AND WE ARE HELPING.

THE UNITED STATES AND THE OTHER INDUSTRIALIZED COUNTRIES WILL CONTINUE TO RESPOND CONSTRUCTIVELY TO EXTERNAL DEBT AND OTHER ECONOMIC PROBLEMS. IT WOULD BE A DISSERVICE TO ALL NATIONS TO WEAKEN THE VERY INTERNATIONAL INSTRUMENTS THAT CAN HELP TROUBLED ECONOMIES ADAPT TO NEW ECONOMIC REALITIES. BUT IT WOULD BE AN EQUAL DISSERVICE NOT TO RECOGNIZE THE NEED FOR FLEXIBILITY AND UNDERSTANDING.

THE JUNE ECONOMIC SUMMIT IN LONDON GAVE CAREFUL CONSIDERATION TO DEBT-RELATED ISSUES. THE SUMMIT LEADERS CONFIRMED A BASIC STRATEGY CENTERED ON ADJUSTMENT, GROWTH AND SUPPORT, AND AGREED TO DEVELOP IT FLEXIBLY, CASE BY CASE. THEY ALSO AGREED ON MEASURES TO STRENGTHEN AND BROADEN THAT STRATEGY OVER TIME.

THE SUMMIT LEADERS ALSO PLEDGED TO MAINTAIN AND WHERE POSSIBLE INCREASE BILATERAL AND MULTILATERAL ASSISTANCE, PARTICULARLY TO THE POOREST COUNTRIES. THEY ENCOURAGED THE INTERNATIONAL MONETARY FUND TO CONTINUE ITS KEY ROLE OF HELPING DEBTOR COUNTRIES MAKE NECESSARY POLICY CHANGES. AND THEY ASKED THE WORLD BANK TO STRENGTHEN ITS ROLE IN FOSTERING ECONOMIC DEVELOPMENT, URGING CLOSER COOPERATION BETWEEN THE IMF AND THE BANK.

THIS APPROACH HAS BEEN SUCCESSFUL IN AVOIDING SYSTEMIC CRISIS. INDEED, WE HAVE COME A LONG WAY SINCE AUGUST 1982, WHEN MEXICO'S ACUTE LACK OF LIQUIDITY RAISED FEARS THAT THE INTERNATIONAL FINANCIAL SYSTEM MIGHT SUDDENLY TOPPLE.

WE AND OTHER CREDITOR GOVERNMENTS QUICKLY PROVIDED TEMPORARY BRIDGE FINANCING TO DEAL WITH IMMEDIATE LIQUIDITY PROBLEMS AND BEGAN DEVELOPING CONTINUING MEASURES TO SUPPORT MEXICO'S ECONOMIC ADJUSTMENT PROGRAM. WE HAVE SINCE COLLABORATED ON THE OFFICIAL CREDITS INVOLVED IN FINANCIAL SUPPORT PACKAGES FOR A VARIETY OF DEBTOR COUNTRIES.

THE RESPONSES OF THE U.S., OTHER CREDITOR GOVERNMENTS, COMMERCIAL BANKS AND THE IMF AND OTHER INSTITUTIONS REFLECT A MORE ACTIVIST AND CREATIVE APPROACH TO THE HEMISPHERE'S ECONOMIC PROBLEMS.

SOME COUNTRIES, NOTABLY MEXICO AND BRAZIL, HAVE MADE SIGNIFICANT PROGRESS IN ADJUSTING THEIR ECONOMIES. WE

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 008

NC 4810348

TOR: 312337Z JUL 84

ANTICIPATE THAT THEY WILL BE ABLE TO SERVICE THEIR DEBT AND BRING ABOUT A RESUMPTION OF SUSTAINABLE, NON-INFLATIONARY GROWTH.

TO HELP MAKE THAT POSSIBLE, AND TO SUPPORT DEMOCRATIC PROCESSES THROUGHOUT THE HEMISPHERE, U.S. POLICY HAS SOUGHT TO PROVIDE ASSISTANCE TO HELP GOVERNMENTS IMPLEMENT ADJUSTMENT MEASURES CONDUCIVE TO LONG TERM POLITICAL AND ECONOMIC STABILITY.

--THE U.S. HAS MADE UNPRECEDENTED USE OF COMMODITY CREDIT CORPORATION GUARANTEES AND SPECIAL EXPORT-IMPORT BANK GUARANTEE AND INSURANCE PROGRAMS AS SPECIFIC DEBT MANAGEMENT TOOLS. WE AND OUR PARIS CLUB COLLEAGUES HAVE BEEN FLEXIBLE IN RESCHEDULING DEBT ON A CASE BY CASE BASIS. THE DEBTS OF MORE COUNTRIES ARE BEING

RESCHEDULED, INCLUDING PRINCIPAL AND INTEREST, WITH LONGER REPAYMENT TERMS AND GRACE PERIODS.

--OUR APPROACH INCLUDES ENCOURAGING COMMERCIAL BANKERS TO MAINTAIN PRUDENT INVOLVEMENT IN LENDING AND RESCHEDULING. COMMERCIAL BANK RESCHEDULING AND LENDING TERMS HAVE IMPROVED OVER THE PAST 18 MONTHS FOR COUNTRIES WHICH HAVE SUCCESSFUL ADJUSTMENT PROGRAMS -- LOWER RESCHEDULING AND OTHER FEES, A DROP IN "SPREADS," LENGTHENING REPAYMENT PERIODS, AND THE RESCHEDULING OF MATURITIES OVER MULTIYEAR PERIODS.

--ADEQUATE FUNDING FOR THE INTERNATIONAL FINANCIAL INSTITUTIONS IS AN INTEGRAL PART OF THE SOLUTION. WE HAVE ENCOURAGED THE EVOLUTION OF THE ROLE OF THE IMF AND OTHER INTERNATIONAL FINANCIAL INSTITUTIONS OVER THE PAST 18 MONTHS. WORKING WITH THE CONGRESS LAST YEAR, WE SECURED A MAJOR INCREASE IN IMF RESOURCES. THE IMF IS INCREASINGLY SENSITIVE TO POLITICAL AND SOCIAL STRAINS ACCOMPANYING PAINFUL ECONOMIC ADJUSTMENT PROGRAMS. THE FUND, FOR EXAMPLE, HAS BEEN INNOVATIVE IN DEFINING THE PUBLIC SECTOR DEFICIT TARGETS FOR PERU AND BRAZIL, AND HAS NEGOTIATED MORE LIBERAL TARGETS FOR MEXICO AND CHILE.

--WE HAVE WORKED FOR THE FAVORABLE EVOLUTION OF WORLD BANK OPERATIONS, ENCOURAGING SUCH INNOVATIONS AS STRUCTURAL ADJUSTMENT LOANS, WHICH OFFER FINANCIAL

SUPPORT OVER THE MEDIUM-TERM TO COUNTRIES UNDERTAKING ECONOMIC REFORMS. AND WE ARE EXAMINING DEVELOPMENT BOTTLENECKS RESULTING FROM INADEQUATE COUNTERPART OR LOCAL CURRENCY FUNDS UNDER WORLD BANK LENDING.

--AN IMPORTANT PART OF OUR STRATEGY, AND ONE THAT DEPENDS HEAVILY ON THE CONGRESS FOR SUPPORT, IS TO PREVENT PROTECTIONIST MEASURES FROM INHIBITING LATIN AMERICAN ACCESS TO THE U.S. MARKET. THE HEMISPHERE'S SHARE OF US IMPORTS HAS GROWN FROM 13 PER CENT (\$23 BILLION) IN 1978 TO 16 PER CENT IN 1983 (\$41.7 BILLION) -- NOTWITHSTANDING RECESSIONS, DEBT CRISES, AND COMPETITION FROM OTHER REGIONS. THE OUTLOOK FOR HEMISPHERE EXPORTS TO THE UNITED STATES IS POSITIVE. U.S. IMPORTS FROM LATIN AMERICA AND THE CARIBBEAN IN 1983 WERE UP BY 11 PER CENT OVER 1982. AND PRELIMINARY DATA FOR 1984 -- FIRST QUARTER FIGURES -- SHOW AN INCREASE OF 31 PER CENT OVER THE FIRST QUARTER OF 1983.

--THE CARIBBEAN BASIN INITIATIVE (CBI) IS A MILESTONE. THE CBI OPENS UP NEW OPPORTUNITIES FOR TRADE, INVESTMENT, EMPLOYMENT, AND BROAD-BASED GROWTH IN THE REGION. ITS 12-YEAR LIFE REPRESENTS A LONG-TERM U.S. POLITICAL COMMITMENT WITH INCENTIVES BEYOND ITS IMMEDIATE TRADE

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 009

NC 4810348

TOR: 312337Z JUL 84

OBJECTIVES. COUNTRIES WITH THE POLICY FRAMEWORK TO PROMOTE INVESTMENT AND INNOVATION WILL BEST BE ABLE TO SEIZE TRADE OPPORTUNITIES, INCREASING VERY SIGNIFICANTLY THE PAY-OFF FOR APPROPRIATE ECONOMIC POLICIES.

--ANOTHER SIGNIFICANT STEP IS THE TRADE CREDIT GUARANTEE PROGRAM RECOMMENDED FOR CENTRAL AMERICA BY THE BIPARTISAN COMMISSION, INCLUDED IN THE FOREIGN AID AUTHORIZATION BILL, H.R. 5119, WHICH PASSED THE HOUSE IN MAY.

IN ALL THESE EFFORTS, WE ARE KEENLY AWARE THAT OUR PROGRAMS AND POLICIES, HOWEVER SUPPORTIVE, CANNOT BE DECISIVE. THE MAIN RESPONSIBILITY FOR ECONOMIC DEVELOPMENT LIES WITH THE DEVELOPING COUNTRIES THEMSELVES. THE FLOW OF NEW LENDING FROM THE INDUSTRIALIZED COUNTRIES IS LIKELY TO REMAIN BELOW RECENT LEVELS FOR AN EXTENDED PERIOD OF TIME. YET DEVELOPING COUNTRIES CONTINUE TO NEED MORE CAPITAL FOR DEVELOPMENT THAN THEY CAN GENERATE INTERNALLY.

FOREIGN DIRECT INVESTMENT IS THEREFORE LIKELY TO GROW IN IMPORTANCE AS AN ENGINE OF DEVELOPMENT IN LATIN AMERICA. DIRECT INVESTMENT, PARTICULARLY NEW EQUITY CAPITAL, OFFERS THE RECIPIENT COUNTRY MANY ADVANTAGES OVER EXTERNAL DEBT:

--EQUITY INVESTMENT IS CHEAPER TO SERVICE, ESPECIALLY IN HARD TIMES. ALTHOUGH INTEREST MUST BE PAID REGARDLESS, PROFITS ARE REMITTED ONLY WHEN THEY ARE EARNED.

--EQUITY BRINGS WITH IT TECHNOLOGY, JOBS, AND MANAGEMENT SKILLS THAT ARE HARD TO ACQUIRE IN OTHER WAYS.

--DIRECT INVESTMENT ENCOURAGES INTEGRATION INTO THE WORLD SYSTEM, FOSTERING A MORE OPEN TRADING SYSTEM WHERE PROTECTIONIST PRESSURES CAN BE RESISTED MORE READILY.

THE UNITED STATES IS THE SOURCE OF NEARLY 60 PER CENT OF ALL FOREIGN DIRECT INVESTMENT IN LATIN AMERICA AND THE CARIBBEAN. INVESTMENT FLOWS RESPOND TO ECONOMIC

CONDITIONS AND TO FISCAL, TRADE, AND EXCHANGE-RATE POLICIES IN THE RECIPIENT COUNTRIES. NATIONS THAT CHOOSE TO CREATE AN ATTRACTIVE CLIMATE FOR FOREIGN INVESTORS CAN EXPECT TO ATTRACT AN INCREASED PORTION OF THE AVAILABLE FUNDS. THEY WILL THUS REDUCE THEIR DEPENDENCE ON DEBT FOR GROWTH. WE ENCOURAGE THIS.

BUT WE RECOGNIZE THAT THE DEBTOR COUNTRIES ALONE, EVEN WITH WISE POLICIES, CANNOT SURMOUNT THE CURRENT CRISIS. OUR ASSISTANCE IS NECESSARY -- AND WE WILL CONTINUE TO PROVIDE IT. THE COOPERATION OF OTHER LENDING COUNTRIES IS VITAL -- AND IT HAS BEEN FORTHCOMING. THE INTERNATIONAL FINANCIAL INSTITUTIONS HAVE AN ESSENTIAL ROLE TO PLAY -- AND THEY ARE PLAYING IT. WITH THIS SUPPORT, WE BELIEVE THE RESPONSIBLE AND DEMOCRATIC GOVERNMENTS OF THE HEMISPHERE CAN MEET THE ECONOMIC CHALLENGES THAT CONFRONT THEM.

-- SECURITY

AS WITH POLITICAL AND ECONOMIC CHALLENGES, THE PROMOTION AND PRESERVATION OF DEMOCRACY REQUIRES COOPERATION IN ADDRESSING SECURITY ISSUES.

THE EXPORT OF VIOLENCE BY CUBA AND NICARAGUA WITH SOVIET BACKING IS THE PRINCIPAL EXTERNAL SECURITY THREAT TO DEMOCRACY IN THE HEMISPHERE. THE UNITED STATES PROVIDES SECURITY ASSISTANCE AND TRAINING TO HELP OUR NEIGHBORS

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 010
TOR: 312337Z JUL 84

NC 4810348

DEFEND THEMSELVES AGAINST THIS THREAT. AS A DEMONSTRATION OF OUR RESOLVE AND TO IMPROVE THE CAPABILITY OF OUR OWN AND REGIONAL FORCES, WE CONTINUE TO CONDUCT JOINT EXERCISES AND MANEUVERS IN THE AREA.

AT THE SAME TIME, OUR DIPLOMATS ARE WORKING ACTIVELY TO CONTAIN THE THREAT POSED BY NICARAGUA'S MILITARY TIES TO CUBA AND THE SOVIET BLOC, ITS SUBVERSIVE ACTIVITIES, MILITARIZATION, AND INTERNAL REPRESSION. WE BELIEVE THE CONTADORA PROCESS PROVIDES THE MEANS TO NEGOTIATE A COMPREHENSIVE, VERIFIABLE AND DURABLE REGIONAL SOLUTION.

DEFENSE AGAINST THE ILLICIT NARCOTICS TRADE ENTAILS COOPERATION WITH THOSE IN THE REGION WHO RECOGNIZE THE THREAT AND SEEK OUR ACTIVE HELP -- PRIMARILY IN FUNDING WHAT IS AFTER ALL A WAR AGAINST A WELL-ARMED AND RUTHLESS ENEMY.

--

IV. AN END TO INDIFFERENCE?

THE HOUSE OF REPRESENTATIVES, ON MAY 10, 1984, ADOPTED AUTHORIZING LEGISLATION APPROVING THE PRESIDENT'S MUTUALLY COMPLEMENTARY REQUESTS FOR ECONOMIC AND MILITARY ASSISTANCE TO BEGIN TO IMPLEMENT THE LONG-RANGE PROGRAM RECOMMENDED BY THE NATIONAL BIPARTISAN COMMISSION ON CENTRAL AMERICA.

SENATE ACTION ON THIS AUTHORIZING LEGISLATION AND THE ENACTMENT OF APPROPRIATIONS ARE STILL NEEDED BEFORE THIS PROGRAM CAN BE IMPLEMENTED. AS THE COMMISSION EMPHASIZED IN JANUARY IN ITS REPORT, "THE CRISIS WILL NOT WAIT. THERE IS NO TIME TO LOSE." WE HOPE THE CONGRESS WILL COMPLETE ACTION PROMPTLY ON THIS URGENT IMPLEMENTING LEGISLATION.

ALTHOUGH ITS MANDATE WAS CONFINED TO CENTRAL AMERICA, THE NATIONAL BIPARTISAN COMMISSION ON CENTRAL AMERICA COULD NOT AVOID A BROADER CONCLUSION IN ITS REPORT TO THE PRESIDENT:

- POWERFUL FORCES ARE ON THE MARCH IN NEARLY EVERY COUNTRY OF THE HEMISPHERE, TESTING HOW NATIONS SHALL
- BE ORGANIZED AND BY WHAT PROCESS AUTHORITY SHALL BE ESTABLISHED AND LEGITIMIZED. WHO SHALL GOVERN AND
- UNDER WHAT FORMS ARE THE CENTRAL ISSUES IN THE PROCESS OF CHANGE NOW UNDER WAY IN COUNTRY AFTER COUNTRY
- THROUGHOUT LATIN AMERICA AND THE CARIBBEAN.

THE UNITED STATES IS BOTH DEMOCRATIC AND POWERFUL. BUT SUCCESSIVE U.S. ADMINISTRATIONS AND CONGRESSES, REPUBLICANS AND DEMOCRATS, HAVE LEARNED THAT OUR OWN DEMOCRATIC EXAMPLE AND NATIONAL POWER ARE NOT ENOUGH TO MAKE A DECISIVE DIFFERENCE IN FAVOR OF DEMOCRACY IN THE FACE OF INDIFFERENCE ABROAD.

THE IMPORTANT THING -- THE KEY TO UNDERSTANDING HOW THE UNITED STATES SHOULD BE CONDUCTING ITSELF IN THIS HEMISPHERE -- IS THAT TODAY INDIFFERENCE IS DISAPPEARING IN LATIN AMERICA AND THE CARIBBEAN. RECENT EXPERIENCE DEMONSTRATES THIS REMARKABLE TRUTH -- IN CENTRAL AMERICA, IN THE ANDEAN COUNTRIES, IN BRAZIL, IN THE CARIBBEAN AND IN THE SOUTHERN CONE. THE VOTING STATISTICS, THE PERSONAL TESTIMONY OF ELECTION OBSERVERS, THE PALPABLE

SOLIDARITY FELT BY ANYONE WHO HAS ATTENDED A LATIN OR CARIBBEAN INAUGURATION OVER THE LAST FIVE YEARS -- ALL EVIDENCE THE GROWING SENSE OF PARTICIPATION IN NATIONAL POLITICAL LIFE.

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 011
TOR: 312337Z JUL 84

NC 4810348

IN INTERNATIONAL POLITICAL COOPERATION TODAY, THE CONTADORA PROCESS IS A CRITICAL EXPERIMENT. WHAT DOES IT SAY ABOUT THE INVIGORATED POWER OF THE DEMOCRATIC IDEA THAT THIS GROUP OF COUNTRIES HAS REACHED THE "REVOLUTIONARY" CONCLUSION THAT DEMOCRACY IS THE SINE QU NON OF PEACE AND DEVELOPMENT IN CENTRAL AMERICA?

IT IS WORTH QUOTING FROM THE CONTADORA 'DOCUMENT OF OBJECTIVES'. ON SEPTEMBER 9, 1983, ALL NINE CONTADORA PARTICIPANTS AGREED ON THE NEED

-TO ADOPT MEASURES CONDUCIVE TO THE ESTABLISHMENT AND, WHERE APPROPRIATE, IMPROVEMENT OF DEMOCRATIC, REPRESENTATIVE AND PLURALISTIC SYSTEMS THAT WILL GUARANTEE EFFECTIVE POPULAR PARTICIPATION IN THE DECISION-MAKING PROCESS AND ENSURE THAT THE VARIOUS CURRENTS OF OPINION HAVE FREE ACCESS TO FAIR AND REGULAR ELECTIONS BASED ON THE FULL OBSERVANCE OF CITIZENS' RIGHTS;

TO PROMOTE NATIONAL RECONCILIATION EFFORTS WHEREVER

DEEP DIVISIONS HAVE TAKEN PLACE WITHIN SOCIETY, WITH A VIEW TO FOSTERING PARTICIPATION IN DEMOCRATIC PROCESSES IN ACCORDANCE WITH THE LAW;

ARE THESE -- AND THE MORE SPECIFIC BENCHMARKS ELABORATED WITHIN THE PROCESS SINCE THEN -- NOT STANDARDS WHICH WE CAN ALL SUPPORT? DON'T THEY REVEAL BOTH AN UNDERSTANDING OF DEMOCRACY AND A REJECTION OF INDIFFERENCE?

CAN THERE BE ANY QUESTION OF THE RESULTS OF ANY COMPARATIVE APPLICATION OF THESE SAME BENCHMARKS TO THE TWO CENTRAL AMERICAN COUNTRIES MOST OFTEN IN THE NEWS: EL SALVADOR AND NICARAGUA? WHOSE ELECTION EXPERIENCE OR PLANS MEET THE STANDARD? IN WHICH COUNTRY IS THERE "FREE ACCESS"? IN WHICH COUNTRY ARE THERE "FAIR AND REGULAR ELECTIONS"? WHICH COUNTRY IS PROMOTING "NATIONAL RECONCILIATION EFFORTS" ON THE BASIS OF "FOSTERING PARTICIPATION IN DEMOCRATIC PROCESSES"? THE ANSWER IN EACH CASE IS EL SALVADOR.

THOSE INCLINED TO ANSWER DIFFERENTLY MIGHT PONDER WHAT PERUVIAN NOVELIST MARIO VARGAS LLOSA WROTE IN 1983:

- WHEN AN AMERICAN OR EUROPEAN INTELLECTUAL -- OR
- LIBERAL NEWSPAPER OR INSTITUTION -- ADVOCATES FOR
- LATIN AMERICAN COUNTRIES POLITICAL OPTIONS AND METHODS
- HE WOULD NEVER COUNTENANCE IN HIS OWN SOCIETY HE IS
- BETRAYING A FUNDAMENTAL DOUBT ABOUT THE CAPACITY OF
- THE LATIN AMERICAN COUNTRIES TO ACHIEVE THE LIBERTY
- AND THE RESPECT FOR THE RIGHTS OF OTHERS THAT PREVAIL
- IN THE WESTERN DEMOCRACIES. IN MOST CASES, THE
- PROBLEM IS AN UNCONSCIOUS PREJUDICE, AN INCHOATE
- SENTIMENT, A SORT OF VISCERAL RACISM, WHICH THESE
- PERSONS -- WHO GENERALLY HAVE UNIMPEACHABLE LIBERAL
- AND DEMOCRATIC CREDENTIALS -- WOULD SHARPLY DISAVOW IF
- THEY WERE SUDDENLY MADE AWARE OF IT.

VARGAS LLOSA IS RIGHT. TOO MANY OF US HAVE NOT LOOKED AT WHAT IS HAPPENING IN LATIN AMERICA CLOSELY ENOUGH TO GET BEYOND THE STEREOTYPES.

IT IS TIME TO BURY THE CANARD THAT LATIN AMERICANS ARE "INCAPABLE OF DEMOCRACY." THE UNITED STATES CANNOT AFFORD IGNORANCE, INDIFFERENCE OR INACTION.

OUR POLICY MUST BE A PROGRAM OF UNDERSTANDING, OF ACTION

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 012

NC 4810348

TOR: 312337Z JUL 84

AND OF DEMOCRATIC SOLIDARITY. RECENT HISTORY PROCLAIMS
THE STRENGTH OF LATIN AMERICA'S DRIVE FOR DEMOCRACY. BY

ENCOURAGING IT AND SUPPORTING IT, WE ARE NOT "EXPORTING"
OUR OWN IDEOLOGY OR "IMPOSING" SOMETHING "MADE ONLY IN
USA." WE ARE HELPING OUR NEIGHBORS FULFILL THEIR OWN
ASPIRATIONS. AND IN DOING SO WE ARE CONFIRMING OUR OWN
DEEPEST AND MOST HOPEFUL CONVICTIONS.

THANK YOU.

--

APPENDIX

--

DEMOCRACY IN THE WESTERN HEMISPHERE:

--

A COUNTRY SUMMARY

I. SOUTH AMERICA

ARGENTINA'S RETURN TO DEMOCRACY WAS ONE OF LAST YEAR'S

MOST SIGNIFICANT POLITICAL EVENTS. VICE PRESIDENT BUSH
HEADED THE U.S. DELEGATION AT THE INAUGURATION OF RAUL
ALFONSIN IN DECEMBER. THE CONVICTION THAT SOMETHING
SIGNIFICANT WAS HAPPENING IN BUENOS AIRES -- SOMETHING
WHICH DESERVED TO ENDURE -- WAS AS PALPABLE AS THE
EUPHORIA OF THE ARGENTINE PEOPLE.

IT WAS ALSO OBVIOUS HOW STRONGLY REPRESENTATIVES OF OTHER
DEMOCRACIES FELT ABOUT THE FUTURE OF ARGENTINA. THIS WAS
ESPECIALLY TRUE OF THOSE WHICH HAD RECENTLY UNDERGONE
SIMILAR WRENCHING TRANSITIONS: SPAIN, PORTUGAL, PERU,
ECUADOR. IT IS SIGNIFICANT -- ESPECIALLY WHEN WE TALK
ABOUT WHAT OUR POLICY SHOULD BE -- THAT WE DO SHARE WITH
SUCH COUNTRIES A VOCATION TO DEFEND AND PROMOTE THE
DEMOCRATIC PROCESS.

BOLIVIAN DEMOCRACY, AFTER EIGHTEEN YEARS OF MILITARY
RULE, WAS RESTORED IN OCTOBER 1982 WITH STRONG U.S.
BACKING. OUR HIGHLY VISIBLE SUPPORT FOR THE
CONSTITUTIONAL ORDER HAS BEEN A SIGNIFICANT FACTOR
HELPING TO BUTTRESS A DEMOCRACY WITH ENORMOUS AND
CONTINUING POLITICAL, NARCOTICS AND ECONOMIC PROBLEMS.
PRESIDENT SILES PUBLICLY THANKED THE UNITED STATES FOR
THE ROLE WE PLAYED IN HELPING TO FRUSTRATE THE COUP
ATTEMPT ON JUNE 30, WHICH INCLUDED SILES' KIDNAPPING.

BRAZIL, SOUTH AMERICA'S LARGEST AND MOST POPULOUS NATION,
HAS TAKEN SIGNIFICANT STRIDES TOWARD A FULLY
REPRESENTATIVE GOVERNMENT. IN 1982, IT HELD COMPETITIVE

ELECTIONS FOR LOCAL, STATE, AND FEDERAL OFFICES. BRAZIL
IS NOW ENGAGED IN A VIGOROUS CAMPAIGN TOWARD THE JANUARY,
1985 ELECTIONS TO NAME A SUCCESSOR TO PRESIDENT
FIGUEIREDO. THIS PROCESS REFLECTS BOTH THE DEGREE OF
DEMOCRACY BRAZIL HAS ACHIEVED AND THE COMMITMENT OF ALL
BRAZILIANS TO ABERTURA. AS ELSEWHERE, WE ARE NEUTRAL
ABOUT WHO WINS, AND WHOLEHEARTEDLY IN SUPPORT OF THE
DEMOCRATIC PROCESS ITSELF.

IN CHILE, A DE FACTO POLITICAL LIBERALIZATION HAS
OCCURRED OVER THE PAST YEAR. THE GOVERNMENT IS NOW
CONSIDERING A LAW WHICH WOULD LEGALIZE POLITICAL
PARTIES. THERE IS NO FORMAL DIALOGUE BETWEEN THE
GOVERNMENT AND THE MODERATE DEMOCRATIC OPPOSITION, BUT
INFORMAL CONTACTS ARE TAKING PLACE AIMED AT DEFINING A
DEMOCRATIC TRANSITION PROCESS. THE U.S. STRONGLY
SUPPORTS THE RETURN TO ELECTED, DEMOCRATIC, CIVILIAN
GOVERNMENT IN CHILE. WE HOPE THE PROCESS OF
COMMUNICATION BETWEEN THE GOVERNMENT AND THE OPPOSITION

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 013

NC 4810348

TOR: 312337Z JUL 84

WILL PRODUCE A CONSENSUS ON THE TIMING AND MODALITY FOR A RETURN TO DEMOCRACY.

COLOMBIA HAS BEEN AN ACTIVE DEMOCRACY FOR MORE THAN 25 YEARS. IT HAS ENDURED A PERSISTENT, CUBAN-BACKED INSURGENCY, AS WELL AS THE NARCOTICS SCOURGE. COLOMBIA IS TODAY TAKING EXTRAORDINARY STEPS TO STAMP OUT NARCOTICS TRAFFICKING AND PRESIDENT BETANCUR HAS NEGOTIATED A CEASEFIRE WITH THE LARGEST GUERRILLA GROUP, PAVING THE WAY FOR THE GUERRILLAS TO LAY DOWN THEIR ARMS AND JOIN IN THE COUNTRY'S FREE POLITICAL LIFE.

ECUADOR COMPLETED PRESIDENTIAL AND CONGRESSIONAL ELECTIONS IN JANUARY AND MAY OF THIS YEAR WITH A FAIRNESS THAT WAS A CREDIT TO THE OUTGOING HURTADO ADMINISTRATION. THE FIRST TRANSITION IN TWENTY-FOUR YEARS FROM ONE ELECTED DEMOCRATIC GOVERNMENT TO ANOTHER WILL TAKE PLACE ON AUGUST 10, 1984. PRESIDENT-ELECT FEBRES CORDERO VISITED WASHINGTON LAST MONTH, IMPRESSING ALL HE MET WITH HIS DEMOCRATIC VOCATION. VICE PRESIDENT BUSH WILL HEAD THE U.S. DELEGATION TO HIS INAUGURATION.

PANAMA HAS JUST HELD ITS FIRST DIRECT PRESIDENTIAL ELECTION IN SIXTEEN YEARS. ABOUT 77 OF THE REGISTERED VOTERS TURNED OUT AND THE RESULTS WERE VERY CLOSE. BOTH THE OPPOSITION AND THE GOVERNMENT PARTY CHALLENGED VOTES IN MANY DISTRICTS.

THERE HAS BEEN LITTLE CHANGE IN PARAGUAY'S POLITICAL SYSTEM IN RECENT YEARS. PRESIDENT STROESSNER WAS REELECTED IN 1983, BUT THE ELECTION PROCESS WAS FLAWED BY CAMPAIGN AND MEDIA RESTRICTIONS. IN MARCH, THE GOVERNMENT CLOSED DOWN PARAGUAY'S ONLY INDEPENDENT NEWSPAPER, AN ACTION WE PUBLICLY DEPLORED. AT THE SAME TIME, THE GOVERNMENT HAS TAKEN SOME POSITIVE STEPS, SUCH AS RELEASING ALMOST ALL POLITICAL PRISONERS, ALLOWING SOME POLITICAL ACTIVITISTS TO RETURN TO PARAGUAY AFTER MANY YEARS OF EXILE, AND ARRESTING SOME POLICE OFFICIALS FOR ABUSE OF AUTHORITY.

PERU'S PRESIDENT BELAUDE -- RE-ELECTED IN 1980, TWELVE YEARS AFTER HE WAS DEPOSED BY A MILITARY COUP -- HEADS A DEMOCRATIC GOVERNMENT THAT FACES SEVERE ECONOMIC STRAINS

AND TERRORISM FROM THE INDIGENOUS MAOIST SENDERO LUMINOSO. NEVERTHELESS, PERU REMAINS FIRMLY ON ITS DEMOCRATIC COURSE. NATIONAL ELECTIONS IN THE FIRST HALF OF 1985 WILL PAVE THE WAY FOR THE FIRST CONSTITUTIONAL TURNOVER OF POWER IN FORTY YEARS.

THERE IS AN ONGOING DEMOCRATIZATION IN URUGUAY. WITH A LONG HISTORY OF DEMOCRATIC GOVERNMENT, URUGUAYANS UNDERSTAND WHAT IT MEANS AND ARE DETERMINED TO SEE IT REESTABLISHED. ON JULY 26TH THE MILITARY RESUMED NEGOTIATIONS WITH THE "MULTI-PARTY GROUP" COMPOSED OF REPRESENTATIVES OF THE RECOGNIZED PARTIES. IT ALSO LIFTED PROSCRIPTIONS AFFECTING THE CHRISTIAN DEMOCRATIC AND SOCIALIST PARTIES, THE TWO MAJOR ELEMENTS OF THE LEFTIST "BROAD FRONT". WHILE 97 INDIVIDUALS REMAIN PROSCRIBED FROM POLITICAL ACTIVITY AND WILSON FERREIRA OF THE BLANCO PARTY REMAINS IMPRISONED ON CHARGES UNDER THE SECURITY LAW, THE MILITARY HAS RESTORED TO SOME 6500 FORMERLY-PROSCRIBED POLITICIANS THE RIGHT TO PARTICIPATE IN THE POLITICAL PROCESS.

ALL CONCERNED, INCLUDING THE MILITARY, ARE COMMITTED TO OPEN ELECTIONS IN NOVEMBER AND TO A CIVILIAN GOVERNMENT IN MARCH, 1985. AS FELLOW AMERICANS AND DEMOCRATS, WE SUPPORT THAT PROCESS AND THE PARTICIPATION OF

UNCLASSIFIED

UNCLASSIFIED

84 4810348 SUP

PAGE 014
TOR: 312337Z JUL 84

NC 4810348

REPRESENTATIVES OF ALL POLITICAL FORCES. WE WOULD BE DEEPLY CONCERNED IF THE TRANSITION WERE NOT TO OCCUR ON SCHEDULE.

VENEZUELA HAS HAD A DEMOCRATIC GOVERNMENT FOR OVER TWENTY-FIVE YEARS AND RECENTLY INAUGURATED ITS SIXTH

CONSECUTIVE CONSTITUTIONAL GOVERNMENT. FOLLOWING ITS EMERGENCE FROM DICTATORSHIP IN THE EARLY 1960'S, THE COUNTRY SUCCESSFULLY FOUGHT CUBAN-BACKED INSURGENTS AND RIGHTWING EXTREMISTS IN THE EARLY 1960'S -- BUT WITHOUT SACRIFICING RESPECT FOR HUMAN RIGHTS AND THE RULE OF LAW. FEW VENEZUELAN HAVE FORGOTTEN HOW CLOSE THEIR COUNTRY CAME TO LOSING ITS LIBERTY. MORE OF US SHOULD STUDY THEIR HISTORY.

II. THE CARIBBEAN

IN MOST OF THE CARIBBEAN THERE IS A FIRM COMMITMENT TO DEMOCRACY.

THE PEOPLES OF THE EASTERN CARIBBEAN PROVED THEIR DEMOCRATIC METTLE SEVEN MONTHS AGO WHEN THEY ACTED WITHOUT HESITATION WITH THE SUPPORT OF OTHER DEMOCRATIC NATIONS, INCLUDING THE U.S., TO RESTORE ORDER IN GRENADA AFTER THAT COUNTRY HAD FALLEN PREY TO A BLOODY POWER STRUGGLE AMONG ITS MARXIST-LENINIST LEADERS. THAT HISTORIC ACTION HAS MADE IT POSSIBLE FOR GRENADIANS TO RESUME THEIR DEMOCRATIC HERITAGE. PARLIAMENTARY ELECTIONS ARE EXPECTED TO TAKE PLACE BEFORE THE END OF THE YEAR.

DEMOCRACY IS A FUNCTIONAL REALITY IN MOST OF THE OTHER CARIBBEAN ISLANDS: THE BAHAMAS, BARBADOS, TRINIDAD AND TOBAGO, NEWLY INDEPENDENT ST. CHRISTOPHER-NEVIS -- WHICH HELD PARLIAMENTARY ELECTIONS ON JUNE 21 -- ANTIGUA AND BARBUDA, DOMINICA, ST. LUCIA, AND ST. VINCENT AND THE GRENADINES -- WHOSE JULY 25 ELECTIONS LED TO A PEACEFUL CHANGE OF GOVERNMENT.

CASTRO'S CUBA IS A SIGNIFICANT EXCEPTION TO THE PREVAILING DEMOCRATIC ENVIRONMENT IN THE CARIBBEAN. ALTHOUGH A SELF-PROFESSED CHAMPION OF "NATIONAL LIBERATION" WHERE OTHER COUNTRIES ARE CONCERNED, CUBA ITSELF IS ONE OF THE LEAST DEMOCRATIC, LEAST INDEPENDENT COUNTRIES IN THE WORLD, AND CONTINUES ITS DESTABILIZING EFFORTS AGAINST THE TRULY DEMOCRATIC GOVERNMENTS OF THE CARIBBEAN.

TWENTY-FIVE YEARS AFTER COMING TO POWER, THE CASTRO REGIME RULES THROUGH CLASSIC MARXIST-LENINIST POLICE STATE METHODS. BEHIND THE IDEOLOGICAL SMOKESCREEN HE HAS ESTABLISHED, CASTRO RULES WITH THE DESPOTISM OF THE

TRADITIONAL CAUDILLO AGGRAVATED BY UNPRECEDENTED SUBSERVIENT TO FOREIGN INTERESTS. CUBA ADHERES CLOSELY TO SOVIET POLITICAL AND MILITARY GUIDANCE, AND ONLY A MASSIVE SOVIET SUBSIDY OF \$12-\$13 MILLION PER DAY KEEPS THE CUBAN PEOPLE FROM EVEN GREATER PRIVATION. IT IS IRONIC THAT THIS SHOULD BE TRUE WHILE MOST OF THE HEMISPHERE IS ENJOYING A RESURGENCE OF DEMOCRACY AND AN ASSERTION OF TRADITIONAL AMERICAN INDEPENDENCE.

THE DOMINICAN REPUBLIC TURNED TO DEMOCRATIC INSTITUTIONS AFTER A LONG PERIOD OF DICTATORSHIP AND SOCIAL AND POLITICAL UPHEAVAL. IN SPITE OF DESTABILIZING ECONOMIC PROBLEMS, DEMOCRACY CONTINUES TO GAIN STRENGTH THERE, AS

EVIDENCED BY STRONGLY CONTESTED ELECTIONS IN 1978 AND

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 015

NC 4810348

TOR: 312337Z JUL 84

1982.

WHILE GUYANA MAINTAINS THE STRUCTURE OF A MULTI-PARTY PARLIAMENTARY REPUBLIC WITHIN THE COMMONWEALTH, ITS 1980 CONSTITUTION DEFINES THE COUNTRY AS A "DEMOCRATIC SOVEREIGN STATE IN THE COURSE OF TRANSITION FROM CAPITALISM TO SOCIALISM." THE RULING PARTY AND ITS LEADER HAVE IMPOSED A MINORITY GOVERNMENT ON THE NATION, RESULTING IN AN EROSION OF DEMOCRATIC PRACTICES.

HAITI IS ALSO AN EXCEPTION TO THE DEMOCRATIC PATH. IMPOVERISHED AND LACKING DEMOCRATIC TRADITIONS, IT IS RULED BY A PRESIDENT-FOR-LIFE AND A SMALL CIRCLE OF ADVISORS. ALTHOUGH VIOLENCE HAS BEEN REDUCED, MAJOR HUMAN RIGHTS PROBLEMS EXIST, INCLUDING ABUSE OF DUE PROCESS AND A LACK OF FREEDOM OF SPEECH, PRESS, AND ASSOCIATION. FOR THE FIRST TIME, HOWEVER, THE GOVERNMENT HAS ANNOUNCED PLANS FOR LEGISLATION GOVERNING POLITICAL PARTY ACTIVITIES, RECOGNIZED A LABOR FEDERATION, AND CALLED FOR JUDICIAL REFORM, STRICT OBSERVANCE OF LEGALITY, AND AN END TO INTERFERENCE IN THE JUDICIAL PROCESS. PRESS CONTROLS HAVE BEEN THEORETICALLY RELAXED, BUT THE RECENT TEMPORARY DETENTION OF SEVERAL JOURNALISTS RAISE SERIOUS QUESTIONS ABOUT THIS PROCESS.

JAMAICA IS ANOTHER CARIBBEAN NATION WITH A TRADITION OF DEMOCRACY. JAMAICAN VOTERS USED THE COUNTRY'S DEMOCRATIC INSTITUTIONS TO END THE SOCIALIST EXPERIMENT AND BRING BALANCE AND GROWTH TO A SHATTERED ECONOMY. JAMAICA'S DEMOCRATIC SYSTEM CONTINUES TO GUIDE THE SOCIETY THROUGH DIFFICULT ECONOMIC PROBLEMS.

UNTIL A MILITARY COUP IN FEBRUARY 1980, SURINAME WAS A FUNCTIONING DEMOCRACY WITH A HISTORY LARGELY FREE OF VIOLENCE. IN DECEMBER 1982, FIFTEEN LEADING FIGURES WERE KILLED WHILE IN GOVERNMENT CUSTODY. THERE HAS BEEN SOME DIALOGUE AMONG VARIOUS POLITICAL AND SOCIAL GROUPS, BUT POWER REMAINS IN THE HANDS OF THE ARMY.

III. CENTRAL AMERICA

PERHAPS THE MOST DIFFICULT TEST OF THE DEMOCRATIC IMPULSE IN THIS HEMISPHERE TODAY IS FACED BY THE PEOPLE OF CENTRAL AMERICA.

BELIZE, WHICH BECAME INDEPENDENT IN 1981, HAS A DEMOCRATIC PARLIAMENTARY FORM OF GOVERNMENT. NATIONAL ELECTIONS WILL BE HELD BY FEBRUARY, 1985. THESE ELECTIONS WILL BUILD ON DECADES OF SOLID DEMOCRATIC PRACTICES DEVELOPED DURING THE EARLIER PERIOD OF INTERNAL SELF-GOVERNMENT.

IN EL SALVADOR, THE ELECTION OF JOSE NAPOLEON DUARTE AS PRESIDENT ON MAY 6 DEMONSTRATED THE COURAGE AND TENACITY OF A PEOPLE DETERMINED TO GAIN CONTROL OVER THEIR POLITICAL DESTINY UNDER THE MOST ADVERSE CIRCUMSTANCES. PLAGUED BY EXTERNALLY SUPPORTED COMMUNIST SUBVERSION, RIGHT-WING TERRORISM, CRUSHING ECONOMIC DIFFICULTIES, AND A HISTORY OF POVERTY AND REPRESSION, THE PEOPLE OF EL SALVADOR HAVE PERSEVERED IN CONSTRUCTING DEMOCRATIC INSTITUTIONS THROUGH WHICH TO RESOLVE THE MANY SOCIAL, ECONOMIC, AND SECURITY CHALLENGES THEY FACE.

THE SALVADORANS' CONTINUING AND INCREASINGLY SUCCESSFUL STRUGGLE AGAINST THE ENEMIES OF DEMOCRACY ADDS TO THE EXPERIENCE WHICH THE NATIONAL BIPARTISAN COMMISSION ON CENTRAL AMERICA CITED AS HAVING "DESTROYED THE ARGUMENT OF THE OLD DICTATORS THAT A STRONG HAND IS ESSENTIAL TO AVOID ANARCHY AND COMMUNISM, AND THAT ORDER AND PROGRESS

UNCLASSIFIED

UNCLASSIFIED

84 4810348 SUP

PAGE 016
TOR: 312337Z JUL 84

NC 4810348

CAN ONLY BE ACHIEVED THROUGH AUTHORITARIANISM."

GUATEMALA, CENTRAL AMERICA'S MOST POPULOUS AND POTENTIALLY RICHEST COUNTRY, HELD A CONSTITUENT ASSEMBLY ELECTION JULY 1, AS THE FIRST STEP TOWARD DEMOCRACY. GUATEMALA FACES FORMIDABLE SOCIAL, CULTURAL, HUMAN RIGHTS AND ECONOMIC PROBLEMS, BUT THE ELECTION, WHICH WAS CONDUCTED OPENLY AND FAIRLY, HAS ENCOURAGED DEMOCRATS EVERYWHERE. WE SUPPORT CONTINUED PROGRESS TOWARD DEMOCRATIZATION.

THE PEOPLE OF HONDURAS RESTORED DEMOCRATIC, CIVILIAN GOVERNMENT IN JANUARY, 1982 AFTER NEARLY EIGHTEEN YEARS OF MILITARY RULE. DESPITE SEVERE ECONOMIC PROBLEMS, THE UPHEAVALS OF THE REGION, AND THE NEED TO SAFEGUARD ITSELF AGAINST AN AGGRESSIVE NEIGHBOR, HONDURAS CONTINUES ALONG THE DEMOCRATIC PATH UNDER ABLE CIVILIAN LEADERSHIP. THE U.S. HAS PLAYED AN IMPORTANT SUPPORTIVE ROLE THROUGHOUT THE PROCESS.

NICARAGUA UNDER SANDINISTA RULE CONTRASTS SHARPLY WITH THE TRENDS ELSEWHERE IN CENTRAL AMERICA TOWARD MORE OPEN

AND TOLERANT SOCIETIES. DESPITE THE PROMISES OF 1979, THE SANDINISTAS HAVE NOT CREATED A PLURALISTIC, NON-ALIGNED NICARAGUA. THEY HAVE PERSISTED IN DEVELOPING A MILITARIZED, MARXIST-LENINIST STATE FIRMLY ALLIED WITH CUBA AND THE SOVIET UNION.

FACED WITH MOUNTING INTERNAL PRESSURES AND DISILLUSIONMENT ABROAD, THE SANDINISTAS HAVE ANNOUNCED AN ELECTION FOR NOVEMBER OF THIS YEAR. A GENUINE POLITICAL OPENING IN NICARAGUA WOULD BE WELCOMED BY OURSELVES AND OTHERS IN LATIN AMERICA AND WESTERN EUROPE. SO WE ARE ALL DISAPPOINTED THAT THE GOVERNMENT OF NICARAGUA CHOSE NOT TO ADDRESS THE CONCERNS OF THE OPPOSITION -- TO ELABORATE CREDIBLE CONDITIONS FOR A FAIR ELECTION -- PRIOR TO THE JULY 25 EXPIRATION OF THE CANDIDATE REGISTRATION PERIOD SEE ATTACHED. THE LEADING DEMOCRATIC OPPOSITION THUS HAD NO ALTERNATIVE BUT TO ANNOUNCE THAT IT WOULD NOT REGISTER ITS CANDIDATES.

IT MAY NOT BE TOO LATE FOR THE SANDINISTAS TO LEARN THE LESSON OF THE SOMOZA ERA: WITHOUT A PEACEFUL -- WHICH IS TO SAY POLITICAL AND ELECTORAL -- OUTLET FOR OPPOSITION, EXPERIENCE TEACHES THAT THE GUN OFTEN BECOMES THE ALTERNATIVE. THERE IS STILL TIME FOR NICARAGUA TO DEMONSTRATE ITS SERIOUSNESS. NO ONE WILL DEPRECATE A GENUINE EFFORT. BUT, NO TRUE DEMOCRAT WILL BE TAKEN IN BY A SHAM -- IN NICARAGUA OR ANYWHERE ELSE IN THIS HEMISPHERE.

IV. MEXICO

MEXICO HAS HAD AN EVOLVING DEMOCRATIC SYSTEM FOR OVER FIFTY YEARS. RECENT CONSTITUTIONAL AMENDMENTS HAVE EXPANDED THE REPRESENTATION OF OPPOSITION PARTIES. BOTH THE RULING PRI AND THE OPPOSITION ARE PREPARING FOR

IMPORTANT STATE AND LOCAL ELECTIONS NEXT YEAR. PRESIDENT DE LA MADRID AND KEY ADVISORS HAVE BEEN DEEPLY ENGAGED IN EFFORTS TO RESOLVE MEXICO'S MOST SERIOUS ECONOMIC AND FINANCIAL PROBLEMS SINCE THE GREAT DEPRESSION -- EFFORTS WHICH INCLUDE BROADENING POPULAR PARTICIPATION.

-- THE 'COORDINADORA' NINE POINTS

THE OPPOSITION NICARAGUAN DEMOCRATIC COORDINATING BOARD, MADE UP OF THREE POLITICAL PARTIES, TWO LABOR UNIONS AND

UNCLASSIFIED

UNCLASSIFIED

84 4810348

SUP

PAGE 017
TOR: 312337Z JUL 84

NC 4810348

THE HIGHER COUNCIL OF PRIVATE ENTERPRISE HAS REGULARLY REITERATED THE DEMANDS IT MADE IN DECEMBER, 1983 AND JANUARY, 1984 AS THE BASIS FOR THE ESTABLISHMENT OF GUARANTEES FOR THE ELECTIONS. FOLLOWING IS A TRANSLATION OF THE 'NINE POINTS' MADE BY THE 'COORDINADORA':

1. SEPARATION OF STATE AND PARTY. THE ARMY, THE MILITIAS, THE POLICE, THE SSTV (SANDINIST TELEVISION SERVICE), AND OTHERS MUST ACTUALLY BE PART OF THE STATE AND NOT OF THE FLSN. THE CDS (SANDINIST DEFENSE COMMITTEES), ATC (FARM WORKERS ASSOCIATION), AMNLAE (LUISA AMADA ESPINOZA ASSOCIATION OF NICARAGUAN WOMEN), ANDEAN (NATIONAL ASSOCIATION OF NICARAGUAN TEACHERS), 19 JULY SANDINIST YOUTH, AND OTHER MUST NOT BE BRANCHES OF THE FSLN FINANCED BY THE STATE.

2. ABROGATION OF LAWS THAT VIOLATE HUMAN RIGHTS. THE CODE THAT RESTRICTS FREEDOM OF EXPRESSION IN THE PRESS, RADIO, AND TELEVISION MUST BE ABROGATED. THE LAWS THAT VIOLATE PRIVATE OWNERSHIP (THE 6-MONTH LAW, THE DECAPITALIZATION LAW, AND SO FORTH) AND OTHERS MUST BE ABOLISHED.

3. SUSPENSION OF THE STATE OF EMERGENCY. SUSPENSION OF THE STATE OF EMERGENCY SO THERE WILL BE FREEDOM OF EXPRESSION, INFORMATION, AND MOVEMENT.

4. AMNESTY LAW. A GENERAL AMNESTY LAW THAT WILL PERMIT THE PARTICIPATION OF ALL NICARAGUAN CITIZENS IN THE ELECTORAL PROCESS.

5. RESPECT FOR FREEDOM OF WORSHIP. FOR PRIESTS, PASTORS, AND THE FAITHFUL TO HAVE FREEDOM TO PERFORM THEIR RELIGIOUS CEREMONIES.

6. UNION FREEDOM. TO PERMIT THE WORKERS THE FULL EXERCISE OF THEIR RIGHTS, INCLUDING THE RIGHT TO STRIKE AND TO ORGANIZE.

7. AUTONOMY OF THE JUDICIAL BRANCH. FOR THE JUDICIAL BRANCH TO HAVE TRUE INDEPENDENCE FROM THE GOVERNMENT PARTY AND FROM THE LEGISLATIVE AND EXECUTIVE BRANCHES.

8. PROTECTIVE LAW WITH RECOURSE TO UNCONSTITUTIONALITY. RECOGNITION OF THE FUNDAMENTAL STATUTES, AND THE RIGHTS AND GUARANTEES STATUTES, AS THE SUPREME LAW UNTIL A NEW

CONSTITUTION IS ENACTED, SO THAT THESE WILL NOT BE CHANGED AT THE WHIM OF THE GOVERNMENT.

9. NATIONAL DIALOGUE TO HOLD ELECTIONS IN THE PRESENCE OF THE CONTADORA GROUP OR THE DAS. THAT ALL POLITICAL PARTIES AND MOVEMENTS, INCLUDING THOSE IN REBELLION, SHOULD NEGOTIATE ON THE ELECTIONS. DAM
END OF MESSAGE

UNCLASSIFIED

UNCLASSIFIED